

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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|---------------------------|---|------------------------------|
| In re: |) | Chapter 11 |
| |) | |
| W. R. GRACE & CO., et al. |) | Case No. 01-01139 (JKF) |
| |) | (Jointly Administered) |
| Debtors. |) | |
| | | Docket No. 11844 |
| | | 3/27/06 Agenda Item 3 |

**ORDER AUTHORIZING THE EXPANSION OF THE EMPLOYMENT OF
LATHAM & WATKINS LLP AS SPECIAL COUNSEL TO THE DEBTORS**

Upon the motion (the "Motion")¹ of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors") seeking entry of an order under sections 327(e) and 330 of Title 11 of the United States Code (as amended, the "Bankruptcy Code") authorizing the Debtors to expand the scope of employment of Latham & Watkins LLP ("Latham") as special counsel to include domestic and international tax planning matters; and it appearing that the relief requested is in the best interest of the Debtors' estates and their creditors and other parties in interest; and it appearing that this is a core matter under 28 U.S.C. § 157; and it appearing that Latham does not represent any interest adverse to the Debtors or their estates with respect to the matters on which Latham is to be employed, and meets all requirements for retention set forth in the Bankruptcy Code; and it appearing that the terms and conditions of Latham's employment, as set forth in the Engagement Letter attached hereto as Exhibit A, are reasonable and appropriate;

¹ Capitalized terms used but not otherwise defined herein shall have those meanings ascribed to them in the Motion.

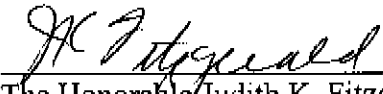
and adequate notice having been given of the Motion; and good and sufficient cause existing to grant the Motion;

IT IS HEREBY ORDERED, FOUND AND DETERMINED THAT:

1. The Motion is GRANTED.
2. Pursuant to sections 327(e) and 330 of the Bankruptcy Code the scope of employment of Latham as special counsel to the Debtors is expanded to include domestic and international tax planning, and matters related thereto, pursuant to the terms and conditions set forth in the Engagement Letter.
3. Latham shall be compensated under sections 330 and 331 of the Bankruptcy Code and any further or other Orders of this Court concerning compensation of professionals in these cases, and in accordance with the terms set forth in the Motion, and shall be reimbursed for all allowed necessary, actual and reasonable expenses. Notwithstanding anything to the contrary in the Engagement Letter, all expenses are subject to the standards set out in the U.S. Trustee Guidelines and the Local Rules of the United States Bankruptcy Court for the District of Delaware.
4. The allowed fees and expenses of Latham shall be administrative expense of the Debtors' estates.
5. This Order shall be effective immediately upon its entry.

6. This Court shall retain jurisdiction to hear and determine any matters arising from the implementation of this Order.

Dated: 3/27, 2006


The Honorable Judith K. Fitzgerald
United States Bankruptcy Judge